

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-20 ABF-01 IGA-01 FS-01 A-01

OPR-02 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 COME-00

TRSE-00 OMB-01 XMB-02 /097 W
----- 116734

P R 251024Z SEP 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 5347

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

CINCPAC

C O N F I D E N T I A L VIENTIANE 5750

DEPT ALSO PASS AID

BANGKOK ALSO FOR FADPC

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, EFIN, LA, US

SUBJ: STATUS OF EMBASSY'S BANK ACCOUNTS

REF: A) STATE 228352

B) VIENTIANE 5743

1. EMBASSY LOCAL VISITED BANQUE DE L'INDOCHINE (BIC) MORNING SEPTEMBER 25 AND FOUND IT STILL CLOSED. AT NATIONAL BANK (BNL), HE WAS REFUSED PERMISSION TO OBTAIN DOLLARS FOR TREASURY CHECK OR KIP FOR CHECK ON USDO'S BIC ACCOUNT. THUS, WE ARE NO FARTHER ALONG TOWARDS SOLUTION OF OUR PROBLEM.

2. POL COUNSELOR MENTIONED THIS TO MFA ATTACHE DE
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CABINET SOUKTHAVONE KEOLA IN COURSE OF CONVERSATION

ON ANOTHER SUBJECT. SOUKTHAVONE CLARIFIED PREVIOUS DAY'S REMARKS BY STATING THAT EMBASSY'S ACCOUNT AT BIC -- LIKE ACCOUNT AT NYW -- WAS BLOCKED AND WOULD REMAIN SO UNTIL "AUDIT" COMPLETE. HE DID NOT KNOW WHEN THIS WOULD BE AND SAID WRITTEN STATEMENT TO US OF PGNU POSITION WITH RESPECT TO ACCOUNTS WOULD BE PREPARED ONLY AFTER AUDIT COMPLETE. ACCESS TO ACCOUNTS IN MANNER DESCRIBED PARA 6, REF B, APPLIED TO ALL EMBASSIES OTHER THAN THE UNITED STATES.

3. POL COUNSELOR NOTED WE HAD JUST MANAGED TO MEET SEPTEMBER 25 PAYROLL WITH KIP WITHDRAWN FROM NBL ACCOUNT SEPTEMBER 16 AND WOULD FACE SERIOUS DIFFICULTIES BY NEXT WEEK IF WE DID NOT HAVE ACCESS TO OUR ACCOUNTS. SOUKTHAVONE SAID WE COULD IN THAT CASE APPROACH HIS OFFICE. HE DID NOT SPECIFICALLY STATE WHAT MFA WOULD OR COULD DO, BUT WE SPECULATE THAT MFA MIGHT AUTHORIZE PURCHASE OF KIP THROUGH NBL BY MEANS OF TREASURY CHECK IN DOLLARS.

4. IN REPORTING ON SEPTEMBER 24 CONVERSATION WITH SOUKTHAVONE, WE FAILED TO MENTION HIS STATEMENT THAT VIENTIANE BRANCH OF BIC WOULD EVENTUALLY BE ALLOWED TO REOPEN, BUT HE DID NOT KNOW WHEN.

5. IN THIS CONNECTION, LOCAL BRITISH BUSINESSMAN HAS TOLD US -- WITHOUT CITING SOURCE -- THAT THE FRENCH TOOK VERY TOUGH LINE ON BIC SITUATION WITH LAO MINISTER AND SECSTATE FOR FINANCE WHEN THEY STOPPED IN PARIS LAST WEEK EN ROUTE HOME FROM IMF AND UNGA SPECIAL SESSION. GOF REPORTEDLY SAID THERE WOULD BE NO MORE FRENCH AID FOR LAOS UNLESS BIC STAFF WERE RELEASED AND PGNU APOLOGIZED. BRITISH BUSINESSMAN ALSO SAID HE UNDERSTOOD BIC DID NOT INTEND TO RESUME OPERATIONS IN VIENTIANE EVEN IF PERMITTED TO DO SO. WE CANNOT AS YET CONFIRM EITHER OF THESE POINTS.

6. LAO PRESSE BULLETIN OF SEPTEMBER 25, REPORTING ON SEPTEMBER 24 CABINET MEETING, SAYS PRIME MINISTER GAVE INSTRUCTIONS THAT AUDIT OF BANKS BE ACCELERATED AND BANKS

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BE ALLOWED TO REOPEN "RAPIDLY."

7. COMMENT: IN LIGHT OF SOUKTHAVONE'S STATEMENT TODAY, WE BELIEVE THERE IS NO LONGER ANY BASIS FOR ATTEMPTING TO MAKE COMMON CASUE WITH OTHER EMBASSIES THAT HAVE ACCOUNTS AT BIC.

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